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Report on developments in the International Comparison Programme (ICP) and other related international comparison issues

Report of the Secretary-General

SUMMARY

The present report begins by reviewing both the publication of the final results of the phase V global comparison (paras. 3-5) and the completion of the 1990 European Comparison Programme (paras. 7-11).

A separate section summarizes the status and progress of each regional comparison (paras. 13-19), while a further section reviews progress on the phase VI global comparison (paras. 20-27). Next the methodological aspects of the programme are considered, in particular the core commodity approach, which provides the linkage between regional comparisons (paras. 30-33). There follows an overview of how the integration of ICP work into national statistical programmes could be promoted (para. 36). Finally, organizational and financial issues are described, with special emphasis on the coordination of operations at the country, regional and global levels (paras. 39-51).

The report ends with points for discussion by the Commission (para. 52).

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INTRODUCTION

1. At its twenty-sixth session, in 1991, the Statistical Commission requested the Secretary-General to submit to the Commission, at its twenty-seventh session, a progress report on developments in phase VI of the International Comparison Programme (ICP) and other related international comparison issues. 1/ The present report has been prepared in response to that request.

I. PUBLICATION OF THE PHASE V ICP RESULTS

2. Since the twenty-sixth session of the Statistical Commission one more regional comparison, comprising seven Caribbean countries, has been completed in the framework of phase V of the International Comparison Programme (ICP), with 1985 as reference year. Published results for 1985 are now available for all six individually conducted regional comparisons.

3. The European Community (EC) issued a report on the 1985 comparison conducted by the Statistical Office of the European Communities (EUROSTAT) for its 12 member countries. 2/ A separate report covers the results for the 22 countries which participated in the 1985 comparison conducted by the Organisation for Economic Cooperation and Development (OECD). 3/ Results of the European comparison for 1985, covering the 17 European OECD countries plus three Eastern European countries, were published by the Economic Commission for Europe (ECE). 4/ Results of the 1985 African comparison, covering 22 African countries and conducted by EUROSTAT, were also published. 5/ The results of the comparison for 1985, conducted among 10 Asian countries plus Japan by the Economic and Social Commission for Asia and the Pacific (ESCAP), were published by the ESCAP Secretariat in 1992. 6/ A report with results of the 1985 Caribbean comparison, conducted by EUROSTAT, was also made available in 1991. 7/

4. Arrangements have been made to publish a global report based on the linking of the regional comparisons carried out in phase V. The processing of the world results, covering 63 countries with reference year 1985 has been undertaken by EUROSTAT. This processing has generated world results for 53 categories of final expenditure on gross domestic product (GDP). Naturally the processing of the global comparison could not start until the last of the regional comparisons was completed. Unfortunately, unexpected methodological difficulties delayed the production of the world comparison because of the small number of intraregional core comparisons available for linking the regions. In addition, the processing of the 1985 global results was further delayed due to other commitments of EUROSTAT in the last months of 1991 and early 1992. The tables with the numerical results of the 1985 global comparison were received in June 1992.

5. The Statistical Division of the United Nations Secretariat has engaged a consultant to prepare the draft of the 1985 global report. In accordance with

the outline drawn up by the Statistical Division, the report will review and summarize the findings of each regional comparison, present the global results and provide information on the methodology used in producing the world tables, along with indications for users on the limitations of the global results. The final tables having been received, the final preparation of the global report, which will be a joint publication of the United Nations and EUROSTAT, has been rescheduled for 1992.

6. Work on the first draft of the information brochure on ICP has started with the assembly of materials for inclusion in the brochure. The brochure will allow a wide range of prospective users to familiarize themselves with the nature and coverage of the International Comparison Programme and will disseminate information on the availability and uses of ICP results at the national and international levels. The publication of the brochure is scheduled to follow the publication of the global report on the phase V results.

II. PROGRESS IN THE PHASE VI REGIONAL COMPARISONS

A. Comparisons with reference year 1990

7. Three country groups, OECD, EUROSTAT and Group II (Eastern Europe), have conducted comparisons with reference year 1990. The OECD-EUROSTAT joint programme was finalized by the end of 1991, whereas Group II work is still in progress.

8. In the framework of OECD and EC, the 1990 comparison has been completed successfully. All 24 OECD countries and 12 Community countries were covered for the first time. Results for 1990 were discussed at a joint meeting in Paris in November 1991. After a final review of the data, the overall results were included in the volumes of national accounts publications at the end of 1991. 8/ 9/ Detailed results have started to be released through specific methodological publications. 10/ The 1990 comparison, covering five Nordic countries (four of which - Finland, Iceland, Norway and Sweden - were coordinated by OECD and the fifth - Denmark - by EUROSTAT), has been completed, and the relevant publication was issued in April 1992. 11/ A bilateral Canada-United States of America comparison for 1990 is under way and publication of results is scheduled for the fourth quarter of 1992. Data collection in the EUROSTAT-OECD comparisons has been spread over a three-year cycle and the purchasing power parity (PPP) comparison is now carried out continuously: instead of the traditional five-year benchmark approach, EUROSTAT obtains comparison results annually, while OECD does so every three years.

9. In Eastern Europe, six countries (Czechoslovakia, Hungary, Poland, Romania, the former USSR and Yugoslavia) have joined ICP Group II in the 1990 round. Both Czechoslovakia and the former USSR were first-time participants in the programme, in need of particular methodological support. In collaboration with the national statistical offices of Germany and Hungary,

bilateral exercises were carried out on an experimental basis to facilitate the participation of the former USSR. Moreover, valuable technical assistance was provided by experts from the Austrian Central Statistical Office (ACSO), the World Bank and OECD during their subsequent visits to the Moscow-based State Statistical Commission. The changes that came into effect in the former USSR in 1991 and in Czechoslovakia and Yugoslavia in 1992 did not affect the status and data coverage of the 1990 Group II comparison. However, a number of the transition economies are facing increasing difficulties caused by the changes in their statistical systems and aggravated by the cutbacks in their budgets, which have often affected their activities within ICP unfavourably and increased the burden on ACSO, the centre of that regional comparison.

10. In accordance with arrangements in the previous phases, countries in Group II are engaged in bilateral comparisons with Austria. In 1991 ACSO hosted a consultative meeting to cover organizational and methodological issues. 12/ Participation of experts from transition economies at the consultative meeting was supported by the World Bank. In the 1990 round basic price data for over 1,000 items were collected from each country. All price data have been reported to ACSO, which calculated a preliminary version of detailed binary price ratios and discussed them at bilateral meetings with the countries in 1991 and 1992, mostly in line with the timetable adopted at the Vienna consultation. Because some expenditure data were still missing, processing could not be finished before September 1992. Group II countries will meet in Vienna to review preliminary results in November 1992.

11. Under the European Comparison Programme (ECP), data originating from OECD, EUROSTAT and Group II comparisons will be combined to yield final results covering 25 European countries for reference year 1990. ECP results can be expected by the end of 1992 at the earliest. The main numerical results will be reported to the Conference of European Statisticians at the plenary session and a full report on the 1990 European comparison will be published later in 1993.

12. In the developing regions, due mainly to the lack of sufficient financial support, a relatively late start of the implementation of phase VI regional comparisons did not permit the comparisons to be conducted for 1990. Consequently, the phase VI global comparison will have a later reference year.

B. Comparisons with reference year 1993

13. Since there was no participation from Asia, Africa and Latin America in ICP-related comparisons with benchmark year 1990, much consideration went into the selection of the next possible year when most regions would be likely to conduct comparisons. After consultations with all international agencies concerned, each region finally agreed to designate 1993 as reference year of its forthcoming benchmark comparison in phase VI. The proposal to establish 1993 as the common year for price and expenditure data collection in various regions was endorsed at the twenty-fifth session of the Subcommittee on Statistical Activities of the Administrative Committee on Coordination (ACC), held in Vienna in June 1991 (see ACC/1991/PG/10, para. 74).

14. The year 1993 coincides with the reference year of the forthcoming joint EUROSTAT-OECD comparison. Although EUROSTAT will continue making annual calculations during this round, 1993 will be the next benchmark year of the OECD PPP programme. Data collection is already under way and responsibilities for data collection have been divided between the two secretariats. EUROSTAT coordinates the 12 Community countries plus Austria, Finland, Sweden and Switzerland, while OECD coordinates the remaining two Nordic OECD countries, Turkey and the five non-European OECD countries. OECD is also responsible for the linkage between the two data sets. The EUROSTAT and OECD comparisons will be conducted along lines similar to those of the previous round. EUROSTAT is examining the possibility of having Poland participate in its programme on an experimental basis, as part of the preparations for the future multilateralization of the Eastern European comparison.

15. A number of countries in Eastern Europe, with Austria as a centre, committed themselves to conduct a comparison for 1993. Countries which had previously participated are expected to continue cooperation and Bulgaria expressed intentions to join Group II. However, recent events in Eastern Europe may bring changes in the country composition of Group II, since some newly independent States have already shown interest in the programme, while others may do so in response to a recent inquiry by the Statistical Division of the United Nations Secretariat. The forthcoming consultative meeting of Group II countries in Vienna (November 1992) will discuss, among other issues, the preparatory work of the 1993 comparison. It is expected that preparations for the 1993 data collection will begin immediately after the current 1990 round is completed. In view of the rapidly changing market circumstances in the transition economies, substantial changes in the Group II regional list of specifications can be expected. Three organizations, OECD, EUROSTAT and ACSO, have made arrangements to hold a series of workshops for Eastern European countries in order to facilitate their eventual participation in ECP on a multilateral basis.

16. In the ESCAP region seven additional countries, Bhutan, China, Fiji, Indonesia, Papua New Guinea, Singapore and Viet Nam, have joined ICP, bringing the number of countries participating in the 1993 comparison to 18 (including Japan). China is participating on a limited basis only and will conduct two bilateral comparisons, one between Shanghai and Japan and another between Guangdong and Hong Kong. ESCAP countries have agreed to shift the comparison's base year (which was originally set for 1992) to 1993 in adjustment to the schedule of the global comparison. Preparatory work has already started; it has included bilateral visits of country experts between June and August 1992 and a workshop in Beijing in September 1992 to discuss and finalize item specifications. The participation of country experts at the bilateral meetings and the workshop is financially supported by the Asian Development Bank. The Government of Japan has provided ESCAP with a full-time adviser on price statistics on a non-reimbursable basis, to assist countries in the relevant areas of work. The adviser entered on duty in July 1992. Prior to that, a staff member of the Statistical Division of the United Nations Secretariat had provided technical advisory services at some of the bilateral consultative meetings held in June 1992 in China, Fiji, Singapore and Viet Nam.

17. With regard to the ECLAC comparison, 16 countries had previously expressed interest in taking part in the next round of ICP. In spite of their expressed interest, however, the participation of most countries in the region is subject to external financing possibilities. ECLAC and the Inter-American Development Bank (IDB) have been discussing a regional project to strengthen the statistical infrastructure of countries with respect to price statistics activities. It is likely that the project will go forward on a pilot basis for selected countries to establish the mechanisms which will allow them to participate in the ICP. In the meantime, ECLAC has been reviewing and studying background technical materials to be used should the IDB project be executed, or should alternative interim funding become available to keep preparatory work going. In terms of methodological support, ECLAC may also count on help offered by the Instituto Nacional de Estadistica (INE) of Spain.

18. As regards the next African comparison, an agreement has been reached that EC will finance the 1993 round. Administrative procedures to finalize this agreement started in the second quarter of 1992. EUROSTAT had previously sent letters to the African countries that participated in phase V to ascertain whether they would be willing to participate again. Positive replies from all 22 countries strengthened the conviction of EUROSTAT that it would be useful to undertake the new round. In the meantime EuroCost, a consulting firm of EUROSTAT, has made considerable progress in preparing the necessary technical documents, including portable software, which will allow substantive work to begin promptly once the funds are made available, making the prospect for a timely African comparison promising.

19. Although individual national statistical offices in the ESCWA region, such as that of Saudi Arabia, have occasionally inquired about the requirements concerning participation in ICP-type comparisons, there has been no formal expression of interest in or support for an ESCWA regional comparison in phase VI of ICP.

III. PROGRESS IN THE PHASE VI GLOBAL COMPARISON

20. At its twenty-fifth session the Statistical Commission endorsed the continuation of the programme, at least at the regional level, and, as a world comparison, only if resources permitted and if it could be carried out in such a way as to ensure the statistical soundness of the comparison. 13/. At the twenty-sixth session a wide range of national statistical offices and international organizations expressed interest in having global comparison results. 14/

21. Pursuant to the request made at the twenty-sixth session of the Statistical Commission, the Statistical Division of the United Nations Secretariat has continued making arrangements to implement the phase VI global comparison. At the time of the request the prospect of conducting new benchmark comparisons in a number of regions seemed highly uncertain, as did the prospect of reaching a consensus on the selection of a common reference year. However, since the twenty-sixth session of the Statistical Commission,

in February 1991, the Statistical Division, in cooperation with other international organizations, has endeavoured to secure and expedite the implementation of phase VI in developing regions. This has required the coordination of considerable efforts by the groups of countries themselves, the international organizations associated with them and prospective sponsors, in order to provide methodologically sound regional comparisons on a timely basis. Since ICP is built up of individual regional comparisons that are at the same time components of the global comparison, ensuring country participation in regionally undertaken and globally coordinated comparisons was essential to the purposes of the global comparison in phase VI.

22. Because most regions have supported the initiative to conduct comparisons in 1993, the programme has gradually acquired a firmer foundation. As a result of consultations with international agencies involved in ICP work, the Statistical Division of the United Nations Secretariat has proposed that 1993 should be the reference year for the global comparison in phase VI. This proposal was endorsed by the ACC Subcommittee on Statistical Activities at its meeting in 1991. Thereafter, the Statistical Division was able to focus work on ensuring the required degree of consistency among regional comparisons, a necessary precondition for generating a reliable, useful and timely world comparison for 1993.

23. A central expenditure classification for use in phase VI of ICP was prepared by the Statistical Division of the United Nations Secretariat in April 1991 and revised later in 1991 in the light of the comments received on it. The breakdown of GDP expenditures into categories, known as the list of basic headings, with a detailed description of the coverage of the categories, was designed to promote harmonization between the lists of various regional comparisons in phase VI.

24. In response to the request by the Statistical Commission for the publication of technical documents connected with ICP methodology, the preparation of the Handbook of the International Comparison Programme 15/ was given priority to contribute to the spreading of the technical knowledge needed at the national level by staff responsible for work on ICP, especially in developing and newly participating countries. This is the first attempt in the 25-year history of ICP to publish a handbook that includes practical instructions on how participating countries can achieve a successful application of the general methods.

25. In preparing the Handbook, the Statistical Division of the United Nations Secretariat received valuable assistance from a variety of sources. The conceptual framework and initial outline of the Handbook were elaborated by Hugo Krijnse-Locker and Laszlo Drechsler, the late outstanding ICP experts. Acting as a consultant to the Secretariat, Mr. Drechsler prepared major portions of the first draft of the Handbook, which were supplemented by the work of Michael Ward of the World Bank. Alan Heston of the University of Pennsylvania, with financial support from the World Bank, assisted the Secretariat by preparing a revised version of the full text of the Handbook. This draft text was widely circulated for comments and Professor Heston, working closely with the Statistical Division, incorporated into the draft the

various comments received. In its present form the Handbook reflects, to the extent possible, the various useful suggestions forwarded to the Statistical Division during the several rounds of consultations with experts. In this regard, the substantial contributions of national and international agencies, such as the World Bank, OECD, the Austrian Central Statistical Office, and the Institut national de la statistique et des études économiques (INSEE) of France, deserve particular mention. However, it is not possible to list all the individuals and institutions which pooled their expertise to assist the Statistical Division in completing this task.

26. In order to provide technical support for ongoing activities in the current phase of ICP at the country and regional levels, an advance issue of the Handbook was released in the first quarter of 1992, prior to its formal publication in all official languages in the second half of 1992.

27. With inputs received from other ICP-related international agencies, the Statistical Division of the United Nations Secretariat completed the list of core items with detailed specifications to be used for linking regional results in phase VI. This activity is further described in paragraphs 30 to 33 below.

IV. METHODOLOGICAL ISSUES

28. The procedure for producing regional results, the methods used for aggregation in ICP comparisons, remain unchanged in phase VI. As earlier expert group meetings concluded, there is no single aggregation method which satisfies all the requirements of comparisons between countries, and parallel methods may be used in the various regional comparisons as long as they remain consistent with general ICP requirements.

29. It is widely recognized that uniform application of classifications, concepts and definitions, as well as coordinated methodology, are needed to ensure that all regional and bilateral comparisons are compatible with each other, if they are to be linked in a global comparison. Furthermore, special arrangements are needed to establish methodologically firm links between regional comparisons.

30. Following the request made at the last session of the Statistical Commission, the Statistical Division of the United Nations Secretariat continued to develop a core commodity list consisting of items that overlap on the specification lists of at least two regions. By early 1992, the selection of core items had been carried out and a proposal for the draft "List of core items with detailed specifications", covering a total of 488 items, was made available to experts for comments in April and July 1992. Comments by the invited experts on the core specifications list started arriving in September 1992 and the Statistical Division has begun to revise the core list.

31. A core item (commodity, service or occupation) is a fully specified item that is available and can thus be priced by most countries in all regions of

the world. The selection of core specifications has been made on the basis of specification lists used in past rounds of ICP-related comparisons in various regions (seven altogether). After careful and thorough matching, the items constituting the common set from the regional lists were determined and the majority were designated as core items. The inclusion of an item in the core list was based on the assumption that the incidence of an item in various regional lists would allow countries from those regions to price the given item. Core items will serve as a basis for common price observations across the regional or group comparisons and permit linking between each grouping of ICP countries. For convenience, items in the core list are organized according to basic headings applied in the central ICP classification.

32. In phase VI countries will be asked to price as many of the items that are common to all regions as possible, preferably a minimum of one core item for each basic heading, as well as to price items exclusive to their own regions. As a result, prices will be collected for a sufficiently large number of identically specified goods and services available in countries that participate in otherwise independently conducted regional exercises. An important advantage of the core commodity approach is that it makes use of all of the available price information to establish links between the regions. In other words the averaging procedure for obtaining price parities is designed to allow for the fact that every item is not priced in every country.

33. A further advantage of the core commodity approach is that these links are not influenced by the choice of countries to be used as interregional links. Although there are some instances of double participation in ICP, as in the case of Austria and Japan, which participate simultaneously in two regional comparisons, this practice remains more the exception than the rule. While double participation constitutes a natural link between regional results, there are not enough countries willing to volunteer as bridges between all pairs of regions, given the workload associated with such a commitment. Moreover, from a strict methodological point of view double participation in itself may be insufficient to produce a strong link, since the structural characteristics of the designated bridge country may differ from those of other economies in both regions.

34. An important objective of methodological development in phase VI is to improve the quality of basic data in general and the comparability and representativeness of specifications in particular. One major deficiency of some regional specification lists used in previous phases was that many items were not representative for developing countries. This happened because some of the lists were initially put together on the basis of the ones that had been prepared for industrialized countries and these were only slightly modified to serve other regions. Although countries in developing regions were encouraged to add their own representative items, this was not done as frequently and consistently as had been expected.

35. The basic principles in selecting representative items are comparability and representativeness. Comparability requires that identical products be selected, whereas representativeness requires that the selected specification

should be typical of a country's market. It is widely known that there is a certain trade-off between these requirements and it is not always possible to satisfy both equally. Although the ICP Handbook gives instructions about price collection, experts nevertheless face difficulties when trying to accommodate variations in quality. The treatment of quality differences deserves special attention in phase VI; Group II countries, which use quality adjustments extensively, have suggested that this issue be dealt with at forthcoming meetings of ICP experts.

36. In phase VI much attention is devoted to fostering the use of procedures and practices that will gradually make ICP a part of countries' routine work in national accounts and prices. To achieve this goal, the first step is to determine what the countries routinely collect and what additional work may be necessary for them to participate in ICP. To accomplish this, it will be necessary in the long run to conduct a full-scale survey of items and specifications already included in the consumer price index and other indices of countries and also the coverage of household budget surveys or other means of establishing expenditure weights. In the immediate future, monitoring the compilation of regional specification lists and the related multilateral and bilateral consultations may provide an excellent opportunity for gathering information to start a limited number of case studies on country practices.

37. At the time of writing, many chapters of the revised System of National Accounts (SNA) have been completed, although the new version of the SNA will not be before the Statistical Commission for formal adoption until March 1993. It is already known that in a number of instances, the revised SNA concepts have come closer to the ICP practice (e.g., the introduction of the concept of actual consumption), while in other cases, the recommendations of the new SNA will affect ICP (e.g., the extension of the concept of capital formation to include some non-material products). As an international programme, ICP will naturally want to follow the relevant recommendations of the new SNA. However, since the implementation of phase VI is already under way, while the new SNA, especially in developing countries, may not be implemented immediately, for practical reasons, the methodology of ICP in respect of the SNA concepts will remain unchanged in the current phase.

38. In 1991 and 1992 experts from EuroCost, together with the World Bank, have undertaken a project to develop ICP-relevant software for use on microcomputers to enable countries and regional processing centres to do their own processing and analysis. With this kind of computer software, countries will be able to compile and report basic data for ICP more in accord with requirements, integrate ICP data with related national data to serve their own statistical needs, and analyse ICP data and results for their own policy purposes, which will make ICP data collection more appealing and relevant to their needs. The World Bank is working closely with EuroCost in order to make the software applicable not only in Africa, as originally intended, but in all regions.

V. ORGANIZATIONAL ISSUES

39. In line with previous decisions of the Statistical Commission, phase VI of ICP, like the two preceding phases, will be based on regional comparisons. About 80 countries in all have expressed their willingness to participate in one or another of the regional comparisons, although in some cases (e.g. ECLAC, Group II) only a tentative list of participating countries has been drawn up so far. Arrangements have been made to start the regional comparisons. However, not all of these comparisons seem equally secure for the 1993 round of ICP. As described in paragraphs 23-27 above, many methodological preconditions for linking regional data into a global comparison have already been met, and the remaining issues are in the process of elaboration. However, the prospect for a meaningful world comparison in phase VI will depend mainly on whether difficulties in funding some regional comparisons can be resolved satisfactorily. The uncertainties about the phase VI world comparison are closely related to organizational and funding problems existing at the regional level: many institutions that coordinate regional ICP activities lack sufficient resources to carry out their responsibilities in a smooth and timely manner. This situation is aggravated by the demand from a number of countries in the programme for outside assistance and funding, since they consider that without such support they will be unable to accomplish their tasks in the ICP exercise. Pending the successful completion of a sufficient number of regional comparisons, their data will be combined to arrive at the world comparison. At the twenty-sixth session of the Statistical Commission, EUROSTAT indicated that it was prepared to assume responsibility for processing the phase VI global results, as it had done in phase V. 16/ Accordingly, the Statistical Division of the United Nations Secretariat has arranged to share with EUROSTAT the tasks related to generating global results for 1993. However, if the Statistical Commission at its present session considers that the Statistical Division of the United Nations Secretariat should undertake the global data processing duties for future phases, the Statistical Division is prepared to assume this responsibility provided sufficient resources are available for this purpose.

40. Although ICP has always been a cooperative undertaking, work is now more widely shared than it was in earlier phases. Participating countries still focus their work on price collection and on providing expenditure data, which together constitute the basic information required. A more recent development is the broader role of the United Nations regional commissions in using their close links to the countries to organize the regional comparisons.

41. The ESCAP secretariat is the regional coordinator of the comparison for Asia and the Pacific. Besides the financial support already provided by ADB, the ESCAP secretariat needs and intends to seek support to finance activities designed to review data inputs for phase VI. Actual data collection in the ESCAP region was to start immediately after the workshop in Beijing scheduled for 21-25 September 1992, since the relevant documentation will have been finalized as a result of that workshop. A full-time ICP adviser is providing assistance with technical work and coordination activities. The ESCAP comparison activities will be carried out according to a time schedule that was to be agreed upon at the 1992 Beijing workshop.

42. The Economic Commission for Africa (ECA) has so far not been involved in the current phase of ICP. EUROSTAT has formally approved the financial agreement for another round of the African comparison and EuroCost will continue to undertake coordination. However, it is felt that the ECA statistics programme would be enhanced if it were involved in the comparison, especially in order to move towards the integration of regular national statistical activities with ICP work. The African Development Bank, on being asked about its interest in contributing to the progress of the African comparison programme, expressed a willingness to cooperate and indicated that it would follow up progress in the programme with ECA and endeavour to secure resources for comparison-related activities in the future. However, in phase VI the African comparison will mainly be conducted by EuroCost along the lines of the previous exercise, probably according to a similar schedule, which has yet to be decided.

43. As for the Latin American comparison, the ECLAC secretariat continues to be involved in preparatory ICP work. Moreover, the pilot regional project to strengthen the statistical infrastructure of countries with respect to price statistics (see para. 17 above) should go a long way towards improving their ability to respond, in a continuing way, to the demands of ICP. While this is a project which is initially of limited scope, other countries of the region may still wish to consider participation in a wider effort if sufficient additional financing can be found for the current round of ICP. Should it become evident that additional financing will not be available to allow a significant number of countries to collect price data in 1993, or for a short time after the reference year until mid-1994, the special circumstances of the region would make it very difficult to provide reliable inputs for the current round of ICP. However, this would be an unfortunate event in the context of the current global comparison.

44. In Eastern Europe, because of the special problems arising from the transitional status of the economies of the region, countries face a more complex situation than ever before in reporting data for ICP. The joint efforts of the main organizers, ECE and ACSO, are supported by such organizations as the World Bank, OECD and EUROSTAT, which furnish advice and other kinds of assistance to Group II countries. At the consultation in Vienna in October 1991, the countries discussed a proposal by OECD to multilateralize Group II comparisons. Participants welcomed the proposal, but it was felt that it was not appropriate for their countries to adopt a multilateral approach right away. Nevertheless, there was strong support for a gradual implementation of the proposal. As a result, in December 1992, three organizations, OECD, EUROSTAT and ACSO will organize the first of a series of workshops for a wide circle of Eastern European countries, including successor States of the former USSR, and more seminars will follow in 1993. The organizational arrangements for the next Group II comparison in 1993 will be on the agenda of the consultative meeting scheduled for November 1992.

45. Although regionalization is the basic approach followed by the programme, the Statistical Division of the United Nations Secretariat remains the world centre of ICP and is responsible for promoting overall coordination of the

programme and organizing the global comparisons. In phase VI it will continue to assist developing countries, to the extent possible, in the application of ICP methodology and will support regional comparisons when the regions take the initiative to undertake such activity. Technical support has already been provided through the preparation and dissemination of substantive technical documents, and similar activity is envisaged throughout the execution of phase VI. Such technical documents as the ICP Handbook, the central ICP classification and the list of core items, all prepared by the Statistical Division of the United Nations Secretariat, constitute the basic documentation to be used in the phase VI global comparison, and could be considered as something like a "start-up kit" for newcomers in the programme. However, these documents will necessarily be complemented by other sources of information on the application of ICP methods that the regional organizers will be expected to provide. Thus, region-specific questionnaires, worksheets and various kinds of technical instructions will be supplied by the regional coordinating agencies. Although no uniform survey materials will be distributed centrally, the Statistical Division of the United Nations Secretariat will promote the distribution of instructions and survey materials at the regional level that will facilitate the standardized collection of basic data. To this end the Statistical Division will serve as a centre for the exchange of technical information, including materials prepared in a different region or documents used in previous phases, and it will issue guidelines and work closely with the regional organizers to promote the harmonization and coordination of technical materials to be used in all regional comparisons.

46. Pending the finalization of timetables for the regional comparisons as listed under paragraphs 41-44 above, a number of organizational issues and the timing of the 1993 global comparison cannot be discussed in more detail until after the forthcoming meeting on ICP (see paras. 49-50 below). These issues will therefore be covered in the report containing updated information on the work of the Statistical Division (E/CN.3/1993/24).

47. In performing its coordination function for the global comparison, the Statistical Division of the United Nations Secretariat is itself facing difficulties. Budget constraints are seriously restricting the missions the staff concerned can undertake to assist data-collection activity in developing countries. Such activity is of necessity limited to a few of the countries with special problems - for example, those with little or no experience in the ICP exercise. Insufficient travel funds for participating actively in the regional coordination work, or attending regional or international meetings, make it difficult to ensure that common approaches are used in all regional comparisons and may thus affect the quality of the basic data collected and the uniform understanding of ICP principles. Lack of funds may also obstruct the Statistical Division in its endeavour to play a more active role in promoting the harmonization of ICP work with consumer price index and national accounting statistics programmes at the country level.

48. To accomplish the objectives of phase VI, the Statistical Division of the United Nations Secretariat is promoting outside support from the national and international agencies concerned to meet needs at the regional and country level in order to:

(a) Assist regional organizers in holding regional workshops to train national statisticians in ICP methods and practices and to discuss unresolved methodological issues, and in funding travel by developing country experts to these meetings;

(b) Assist in placing consultants on a short term basis or for extended periods, to provide technical support for activities at selected regional commissions;

(c) Assist in channelling support to developing countries concerned to improve their statistical capabilities and interested in doing special price surveys and national accounts data collection for ICP purposes.

49. A series of informal consultations on work on phase VI have been held between the Statistical Division of the United Nations Secretariat and the World Bank, as well as other organizations involved or expected to be involved, and many aspects of the ICP have been discussed. At its twenty-sixth session, held in Geneva in April 1992, the ACC Subcommittee on Statistical Activities urged that the Statistical Division convene a meeting to consider both the technical and financial matters that were of concern (see ACC/1992/16, para. 35). It was noted that the success of such a meeting would in large part depend on the participation of appropriate technical and policy staff of the organizations involved. In the meantime, the Statistical Division started preparatory consultations with the organizations concerned to convene an expert group meeting to review the status of methodological work on some technical questions, including the core commodity approach.

50. Arrangements have been made for the Statistical Division of the United Nations Secretariat, in collaboration with the University of Pennsylvania and the World Bank to call a meeting of experts working on ICP world wide to discuss several aspects of the implementation of phase VI, which will lead to an action plan for conducting the 1993 global comparison. The meeting is tentatively scheduled for 30 November-2 December 1992. The Statistical Division considers that the composition of the meeting will provide an opportunity for taking up the issues of a technical and organizational nature suggested by the Subcommittee. Items on the preliminary agenda of the meeting cover a broad range of issues, both methodological issues, such as the core commodity approach and its implementation, and issues related to the organizational side of the comparison work. Issues for discussion will include the strategy for integrating ICP work into national accounting and price statistics programmes at the country level, a proposal for an action plan on the implementation of the 1993 global comparison, based on timetables adopted for the comparisons in all regions, and a coordinated publication and dissemination policy for ICP results at the regional and global levels.

51. The prospect for a satisfactory global comparison for 1993 is still promising, provided that all international and regional organizations concerned work closely together and mobilize resources, for this common cause in terms of both expertise and financial funds. The continuation of the ICP

as a world programme depends very much on whether phase VI produces a new set of benchmark statistics that keep user interest alive and encourage countries to participate.

VI. POINTS FOR DISCUSSION

52. The Commission may wish to comment on:

(a) Final results obtained in the phase V global comparison;

(b) Overall progress with respect to phase VI of the ICP at the regional and global levels, including the issuing of methodological documents;

(c) The extent to which the preconditions for the next comparison with reference year 1993 have been met in all regions and the kind of assistance needed to overcome difficulties;

(d) Methodological issues involved in phase VI of the ICP, with special attention to the applicability of the core commodity approach for obtaining global results;

(e) A strategy for promoting the harmonization of ICP operations with national statistical work on national accounts and prices;

(f) Methods of strengthening the coordination of ICP methods and operations, and improving the quality of phase VI regional comparisons, given the financial limitations of the United Nations Secretariat and the number of participating countries;

(g) Priorities for further work on ICP by the Statistical Division of the United Nations Secretariat in phase VI.

Notes

1/ Official Records of the Economic and Social Council, 1991, Supplement No. 5 (E/1991/25), para. 87 (i).

2/ Statistical Office of the European Communities, Purchasing Power Parities and Gross Domestic Product in Real Terms Results, 1985 (Luxembourg, 1988).

3/ Organisation for Economic Cooperation and Development, Purchasing Power Parities and Real Expenditures, 1985 (Paris, 1987).

4/ United Nations Economic Commission for Europe, International Comparison of Gross Domestic Product in Europe: 1985, Statistical Standards and Studies, No. 41 (United Nations publication, Sales No. E.88.II.E.28).

Notes (continued)

5/ Statistical Office of the European Communities, Comparison of Price Levels and Economic Aggregates, 1985: The Results for 22 African Countries (Luxembourg, 1989).

6/ Economic and Social Commission for Asia and the Pacific, Purchasing Power Parity and Quantity Comparison for the ESCAP Region, 1985 (ST/ESCAP/1128).

7/ Statistical Office of the European Communities, Comparison of Price Levels and Economic Aggregates, 1985: The Results of Seven Caribbean Countries (Luxembourg, 1991).

8/ Statistical Office of the European Communities, Comparison in Real Terms of the GDP for the Community Countries 1990, Rapid Reports 1991/1 (Luxembourg, 1991).

9/ Organisation for Economic Cooperation and Development, National Accounts (1960-1990), Volume 1, Main Aggregates, Purchasing Power Parities Supplement (Paris, 1992).

10/ Organisation for Economic Cooperation and Development, Purchasing Power Parities and Real Expenditure, EKS Results 1990, Vol. I (Paris, 1992).

11/ Organisation for Economic Cooperation and Development, Purchasing Power Parities and Real Expenditures for Nordic Countries, 1990 (Paris, 1992).

12/ Note by the Secretariat on item 3.4 of the provisional agenda of the fortieth plenary session of the Conference of European Statisticians (CES/715).

13/ Official Records of the Economic and Social Council, 1989, Supplement No. 3 (E/1989/21), para. 117 (a).

14/ Official Records of the Economic and Social Council, 1991, Supplement No. 5 (E/1991/25), para. 82.

15/ Handbook of the International Comparison Programme (Forthcoming publication of the United Nations).

16/ Official Records of the Economic and Social Council, 1991, Supplement No. 5 (E/1991/25), para. 81.